



ENERGY ASSURANCE DAILY

Tuesday, June 20, 2006

Major Developments

Update: Two Gulf Refineries Restart Production After Storm Curtailments

As reported in yesterday's Energy Assurance Daily, heavy rain caused several energy infrastructure disruptions on June 19. As of today, two Gulf Coast refineries have reported curtailing production due to the storm, which caused widespread flooding in parts of Texas and Louisiana. Total SA reported shutting four units and reducing rates to six other units at its 233,000 b/d refinery in Port Arthur, Texas. Fifty-four miles to the east, Citgo Petroleum reported that heavy rains caused process units to malfunction at its 440,000 b/d refinery in Lake Charles, Louisiana. Both refineries reported using a Monday afternoon lull in torrential rains to restart production before another round of storms hit again last night. In South Houston, flooding closed state highway 225—a critical artery that accesses four area refineries with capacities totaling 786,700 b/d—but disruptions to the plants appeared to be minor. New information about the June 19 vapor release at Shell's 340,000 b/d Deer Park Refinery, one of the four plants on "refinery row," suggests that the vapor release was caused by the storm. Another refinery on the row, Valero's 90,000 b/d Houston facility, reported running at normal rates and suffered "no adverse impacts" from the storm. Commenting on the impact to shipping along the Gulf Coast in the Wall Street Journal, an analyst said: "the biggest problem is how slow everything is moving."

http://today.reuters.com/stocks/QuoteCompanyNewsArticle.aspx?view=CN&storyID=2006-06-19T212009Z_01_N19406878_RTRIDST_0_ENERGY-STORMS-REFINERIES.XML&rpc=66
<http://abcnews.go.com/US/wireStory?id=2094992>

Wall Street Journal, June 20, 2006

Electricity

Duquesne Light to Spend 500 Million to Reduce Power Outages in Pennsylvania

<http://www.post-gazette.com/pg/06170/699426-28.stm>

TXU's 565 MW Monticello Coal-fired Unit 2 Shut in Texas June 19; Seen Back Soon

TXU shut the unit early on June 19 to repair a boiler tube leak. TXU indicated that they planned to restart the unit on June 20 or 21.

Reuters, 07:43 June 20, 2006

Reuters, 17:54 June 19, 2006

OPG's 490 MW Nanticoke Coal-fired Units 4 and 5 Shut in Ontario June 20

Reuters, 08:03 June 20, 2006

OPG's 494 MW Lambton Coal-fired Unit 1 Shut in Ontario Shut June 20

Reuters 07:59 June 20, 2006

Petroleum

Update: Vapor Leak at Shell's Deer Park Refinery Likely Caused by Rain Storm

The gas release on June 19 at Shell's 340,000 b/d Deer Park refinery in Texas is now believed to have been caused by the rain storm that hit the area (see Major Development story above). Apparently, so much rain fell in so short a period that the drain on the floating roof of the storage tank was swamped causing the roof to tilt.

Reuters, 13:15 June 20, 2006

ExxonMobil's Patoka-Nederland Pipeline Running Below 66,000 b/d Capacity

According to a spokesman for ExxonMobil, optimal rates on the newly-reversed pipeline would likely be reached only in the early part of the second half of 2006. Some have speculated that crude throughput on the line has been curtailed over the past several weeks due to production problems in Canada, including Shell's Athabasca oil sands project and Syncrude Canada. ExxonMobil recently reversed the direction of the pipeline to flow from north to south so that crude produced from Alberta's oil sands can be sent to the U.S Gulf Coast market.

<http://www.platts.com/Oil/News/7538605.xml?p=Oil/News&sub=Oil>

Russian Crude Exports to Rise 200,000 b/d in Third Quarter

According to Energy Intelligence Briefing, Russia plans to increase crude oil exports in the third quarter of 2006 by more than 200,000 b/d from the second quarter. Russia estimates exports via the Transneft pipeline to reach 3.929 million b/d in July through December, an increase of 13.5 percent over the third quarter of 2005 and the Russia's highest export schedule ever.

Energy Intelligence Briefing, 21:36 June 19, 2006

Two Oil Workers from the Philippines Kidnapped in Nigeria

The two workers were kidnapped near Port Harcourt as militants continue to apply pressure on companies in the oil sector in an attempt to gain greater control of the oil revenues.

Reuters, 11:20 June 20, 2006

Nigerian Oil Production Slips to 2 Million b/d in April

According to the latest data available from the Central Bank, oil production, including condensates and natural gas, totaled 60 million bbls in April, down from 63.24 million bbls in March. On a daily basis, production dropped to 2.0 million b/d in April versus 2.04 million b/d in March.

Reuters, 10:17 June 20, 2006

Natural Gas

Storage Fields Curtailing Flows; Storage Levels Could Reach All-Time High

According to Natural Gas Week, at the current rate of natural gas injections, inventories could easily enter the next heating season at the end of October with nearly 3.65 Tcf in the storage, a new all time high. NGW says that some storage operators are beginning to notify customers of injection limits.

Natural Gas Week, June 19, 2006

FERC Approves Pipeline Linking Elba Island LNG Terminal to Florida Market

The 210-mile pipeline project will transport regasified LNG from the Elba Island LNG import terminal near Savannah, Georgia, to the large Florida market. The project unites the Southern Natural Gas' proposed 177-mile Cypress Pipeline and its companion, a 33-mile Florida Gas Transmission Phase VII expansion.

<http://www.platts.com/Natural%20Gas/News/7540235.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

FERC Approves 55-mile ESNG Pipeline Extension on Delmarva Peninsula

Eastern Shore Natural Gas has received permission to extend its pipeline and increase capacity by 36 percent. Construction is expected to begin within the next several weeks and should be complete in 2008.

http://biz.yahoo.com/ap/060619/chesapeake_utilities_pipeline.html?.v=1

<http://biz.yahoo.com/prnews/060619/phm046.html?.v=33>

Pipeline to Connect New Production Area to Stingray Pipeline in Gulf of Mexico

Enbridge Offshore Pipelines and MarkWest Energy Partners have acquired a 14-mile, 12-inch diameter pipeline through their jointly-owned Triton natural gas gathering system to transport production from West Cameron Blocks 62 and 75 to the Stingray Pipeline in the Gulf of Mexico. The new Triton lateral will serve new natural gas developments owned by El Paso, Chevron and the Houston Exploration Company. The pipeline is equipped with four sub-sea taps to accommodate future developments in the area providing a capacity of 200 MMcf/d.

<http://biz.yahoo.com/iw/060620/0137367.html>

Enbridge to Build Pipeline Connecting to Shenzi Natural Gas Field in Gulf of Mexico

Enbridge Offshore Pipelines has announced that it will construct an 11-mile, 12-inch diameter natural gas lateral to connect the deepwater Shenzi field to existing pipelines in the Gulf of Mexico. The new lateral will have a capacity of 100 MMcf/d and first gas is expected in mid 2009. The Shenzi field, operated by BHP Billiton, has estimated recoverable reserves in the range of 350 to 400 million BOE.

<http://biz.yahoo.com/iw/060620/0137366.html>

Alberta's Role as International Gas Supplier in Decline - AEUB

According to the Alberta Energy and Utilities Board (AEUB), Alberta's role as an international natural gas supplier will continue to decline even though its coalbed methane industry will help offset falling conventional production.

The AEUB attributes the role switch primarily to rising home industrial gas demand expected over the next 10 years.

<http://powermarketers.net/content/inc.net/newsreader.asp?ppa=8kowu%5D%5BhmmkrpkTTnk%7DGL%7Dbfel%5Dv>

Other News

President Signs Mine Improvement and New Emergency Response (MINER) Act; Coal Operators Scramble to Comply

The new law requires mine operators to install two-way communications and electronic tracking systems and mandates caches of self-contained self-rescuers stationed in a mine. The law also requires rescue teams to be able to reach a mine within an hour.

MINER Act Text:

<http://byrd.senate.gov/enzi%20kenedy%20byrd%20rockefeller%20mine%20safety%20long%20summary.pdf>

<http://www.platts.com/Coal/News/7535988.xml?p=Coal/News&sub=Coal>

Energy Prices

U.S. Oil and Gas Prices			
June 20, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	69.30	68.50	59.19
NATURAL GAS Henry Hub \$/Million Btu	6.62	6.95	7.80

Source: Reuters

Energy Notes

Thunderstorms Knock Out Power to 9,500 IPL Customers in Indiana June 19

<http://www.wthr.com/Global/story.asp?S=5050318&nav=9Tai>

Construction Crews Accidentally Cut Power to 10 Downtown Chicago Buildings June 16

<http://www.chicagotribune.com/news/custom/newsroom/chi-060616power-out.1.2627.story?coll=chi-newsbreaking-hed>

Union Pacific Says May Was Record Month for Coal Shipped from PRB in Wyoming

<http://www.chron.com/disp/story.mpl/business/energy/3977964.html>

BLM Recommending Congress Lift Restrictions on Mining, Oil and Gas Leasing on Millions of Alaska Acres

<http://www.adn.com/front/story/7875656p-7769267c.html>

BP Plans to Invest \$37 Billion in U.S. Oil and Gas Projects

<http://www.upi.com/Energy/view.php?StoryID=20060619-023727-4562r>

ConocoPhillips May Double Capacity at LNG Export Plant in Northern Australia

<http://www.bloomberg.com/apps/news?pid=10000080&sid=a7bl.cXFGVgg&refer=asia>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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